



MANAGEMENT STAFF
DIRECTORATE OF ADMINISTRATION
37543

22 September 1989

NOTE TO:

1) DDA

2) ADPA

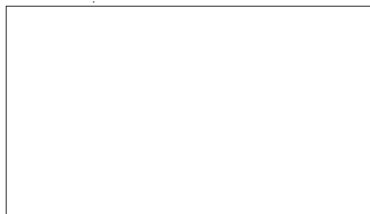
3) EXA

22 SEP 1989

The attached joint OFM/OL proposal to establish a single allotment in Logistics to pay for repairs to Agency equipment is a good example of progress being made to reduce transactional costs. It will eliminate data input of over 700 low-dollar value transactions into the Contract Information (CONIF) data base. It also should speed up processing of related vendor payments, thus lessening the risks of late payment penalties.

Recommend your concurrence.

STAT



~~CONFIDENTIAL~~MPT 89-1555OL 0058-89
21 September 1989

MEMORANDUM FOR: Comptroller

VIA: Deputy Director for Administration
Director, Office of Financial ManagementFROM:
Director of LogisticsSUBJECT: Establishment of a Single Allotment for
Repairs to Agency EquipmentREFERENCE: Memo from D/OFM to D/OL, same subject,
dated 24 March 1989

1. The Office of Logistics (OL) and the Office of Financial Management (OFM) have jointly developed a new procedure for processing low cost repairs to Agency equipment by contractors under OL's 100S repair and return procurement process. The procedure (attached) is based on the establishment of a single allotment in the Office of Logistics for such repair actions. This memorandum requests your approval to establish a single Agency allotment to accommodate 100S payments.

2. Individual 100S orders will be processed outside the contract information (CONIF) system. Invoices will flow from the General Procurement Team/Agency Contract Group through the Budget and Fiscal Branch/OL to the Special Activities Branch/Accounts Payable Operations Group/OFM. This initiative will eliminate the need for using valuable automated systems resources in processing these transactions, which average less than \$1,000.00. In addition to reducing the cost of processing 100S transactions, this new procedure will improve the turn around time for paying the 100S invoices, helping to meet the provisions of the Prompt Payment Act and avoid interest penalty payments.

3. The volume of 100S repair and return activity is depicted in the following table:



DD/A REGISTRY

FILE: Logs-5-AR~~CONFIDENTIAL~~

SUBJECT: Establishment of a Single Allotment for Repairs to
Agency Equipment

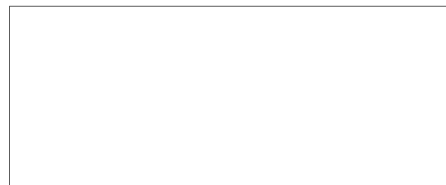
100S Activity
(Dollars in Thousands)

	<u>FY 1988</u>		<u>FY 1989</u>	
		Percent	(Through 18 Aug.)	Percent
DA	\$ 99	45.0	\$114	37.0
DI	35	16.0	75	24.0
DO	16	7.0	19	6.0
DS&T	62	28.0	92	30.0
Others	<u>8</u>	<u>4.0</u>	<u>8</u>	<u>3.0</u>
Total	\$220	100.0	\$308	100.0

We recommend that the necessary funds to support a single allotment for 100S activity in FY 1990 be derived on a pro rata basis from the last two fiscal years' experience as depicted above. If a single allotment to OL is provided in FY 1990, OL requests the allocation of an additional \$50,000.00 reserve to ensure that sufficient funds will be available to absorb inflation and possible growth in the use of the 100S process. If you approve this proposal, an Agency-wide notice will be published to ensure that all components are aware of the new procedures.

4. It is recommended that the Comptroller authorize the establishment of a single allotment for repair of Agency equipment in the amount of \$370,000 in the Office of Logistics for use in FY 1990.

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Attachment:
100S Repair & Return Chart

SUBJECT: Establishment of a Single Allotment for Repairs to
Agency Equipment

CONCUR:

STAT

[Redacted Signature]

Director of Financial Management

9/24/89
Date

STAT

[Redacted Signature]

Deputy Director for Administration

26 SEP 1989
Date

APPROVED:

STAT

[Redacted Signature]

Comptroller

1 OCT 1989
Date

SUBJECT: Establishment of a Single Allotment for Repairs to
Agency Equipment

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OL/PE [] (28 Jul 89)
retyped 30 Aug 89 amb 30900
retyped 15 Sep 89 amb 30900
retyped 21 Sep 89 lac 31797 (D/OFM)

Distribution:

Orig & 1 - Addressee (1 ret'd to OL/PE)
2 - DDA w/atts
1 - D/OFM w/atts
1 - OL Files w/att
1 - PMS w/atts

OFM-0116-89
24 March 1989

MEMORANDUM FOR: John M. Ray
Director of Logistics

FROM: Daniel A. Childs, Jr.
Director of Financial Management

SUBJECT: Establishment of a Single Allotment for Repairs
to Agency Equipment

John:-

1. As you are aware, payments for quick reaction repairs to Agency equipment are processed through a system designated 100S. The 100S system is extremely cumbersome and requires considerably more administrative time than appears justified in managing the approximately \$250,000 of transactions processed through the system each year.

2. We propose that funding for the payment of 100S contracts be centralized in the Office of Logistics beginning in FY1990 and that 100S contracts no longer be processed through the CONIF system. Detailed explanations of current and proposed changes are presented in Attachment A. As indicated in Attachment B, the Agency cannot consistently effect payment for 100S contracts within the constraints of the new Prompt Payments Act Amendments of 1988 under the current system.

3. Implementing the proposed procedures will save considerable administrative time for the Office of Logistics, the Office of Financial Management and requesting components as well as streamline the payment process for contractors.

STAT.



Daniel A. Childs, Jr.

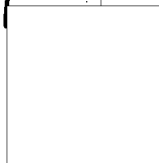
Attachments:

- A. Procedures for 100S Repairs
- B. Audit: Payment Processing Time

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*P.S. - UNDERSTAND AND STAFFS
HAVE DISCUSSED THIS
PROPOSAL. I AM IN AGREEMENT
THAT IT MAKES SENSE. LET
ME KNOW IF YOU HAVE
ANY PROBLEMS!*



*P.S.S. - COMMENTARY IS
also on - Bono!*

C O N F I D E N T I A L

C O N F I D E N T I A L

ATTACHMENT A

PROCEDURES FOR 100S REPAIRS

CURRENT PROCEDURES:

1. Requesting component telephones the General Procurement Team (GPT) to obtain a 100S Number. (Numbers are given in sequence at the beginning of each fiscal year, e.g. 89-100S-00. FYI, 685 100S numbers were issued in FY1988).
2. GPT requires that the requesting office furnish an obligation reference number (ORN), office designation, nature of repair/service, equipment make/model/serial number, declared value of equipment, name address, and extension of responsible person, estimate amount, and name of contractor.
3. The requesting office telephones the contractor to perform the service. After service is completed the component prepares and forwards a Form 2420 to the GPT. The contractor is instructed to mail the invoice to the General Procurement Team, Washington, D.C. 20505.
4. When GPT receives the 2420 and the invoice, the two are matched and given to the Section Chief for signature. A complete package is then sent to CONIF for input, after which it is forwarded to APOG/OFM for payment.
5. Prompt Payments Act Amendments of 1988 state that an invoice must be paid within 30 days after receipt by the designated government billing office (in this case GPT). Conformance with the new law will require that the invoice and 2420 be matched, input into CONIF, forwarded to APOG, and paid by APOG within 30 days after receipt of the invoice by GPT.
6. GPT indicated that the entire process may take approximately 90n days.. The results of an audit of a random sample of 100S contracts in APOG (Attachment B) also indicate numerous problems in processing efficiency.

PROPOSED PROCEDURES

1. OL will request that the Comptroller establish a Single Allotment to be used exclusively for the payment of 100S repairs beginning in FY 1990.
2. APOG/OFM will set up a checking account; two individuals from the General Procurement Team will be authorized to write checks for the repairs. The checking account will be monitored and audited by OL/B&F monthly.
3. Under this system the requesting component will give the GPT designee all information required under current procedures except an ORN, which will no longer be required.

SUBJECT: Attachment A, Procedures for 100S Repairs

4. Service call will then be telephoned to the contractor by the component.

5. The invoice will still be mailed to GPT. When received, the individual authorized to write the check will telephone the respective person in the component, obtain a telephone approval that the service was performed and verify that the amount billed is correct. A check will then be written and payment mailed to the contractor.

ADVANTAGES OF PROPOSED PROCEDURES:

1. OL will realize administrative efficiencies:

- The GPT designees will not have to process and match a 2420 to an invoice (685 in FY 1988).
- CONIF will not have to input 100S documents. For FY1988, 465 were input and 220 remain outstanding; for FY1987, 474 were input with 221 outstanding.
- GPT designees will not be intermediaries between vendors and APOG regarding status of payments and/or possible interest penalty payments.

2. OFM will also realize efficiencies:

- APOG paid 66,725 invoices in FY 1988 (av. of 5,560 per month). The reduction in workload, though slight, will better enable APOG to meet the stricter requirements of the Prompt Pay law and hold interest penalty payments to a minimum.
- Components will not have to assign and commit monies under their specific ORNs and the preparation of 2420's will be eliminated.
- Year-end closing procedures for processing 100S contracts will be simplified.

3. The more efficient payment process will enable the Agency to avoid interest penalty payments to its contractors.

Page Denied